



Embargo until 23 December 2007

Central Plains Water loan agreement released

Pat Morrison, Chairman of Central Plains Water Limited said today that the loan agreement between Central Plains Water Limited and Dairy Holdings Limited, the parent company of one of the scheme's shareholders, is now finalised.

"Before finalising the agreement with Dairy Holdings, it was necessary that we received approval from Christchurch City and Selwyn District Councils and the Canterbury Development Corporation as they are the seed funders of the scheme. All have given consent that the loan can go ahead," says Pat Morrison.

"These loan arrangements require lenders to be shareholders and those shareholders who provide loans will be among the first to receive water from the scheme.

"Once the resource consents are granted Central Plains Water Trust will hold them on behalf of the wider community. The structure of the loan agreement is such that Dairy Holdings has no security over the resource consents.

Doug Marsh, Chairman of the Central Plains Water Trust says, "The Trust is the guardian of the consents and its role is to ensure there are strict environmental processes in place and tangible community benefits from the scheme. One initiative is the Sustainable Management Protocol that all shareholder farmers will have to sign up to and implement on their farms. Another, the Environmental Management Fund, will be used to support and encourage various environmental enhancement initiatives within and 'downstream' of the Central Plains Water scheme area."

Pat Morrison says, "The loan from Dairy Holdings is for \$1.7 million, however arrangements have been put in place and approved by the seed funders that allow Central Plains Water Limited to borrow up to \$4.8 million from existing shareholders or related parties if necessary.

"We approached Dairy Holdings to assist us with a funding shortfall caused by an increase in regulatory fees and unanticipated consenting and priority issues, and the cost of undertaking significant additional technical work."

"The owners of Dairy Holdings are all experienced farmers and people of vision. They are prepared to take a risk on the scheme as they understand the economic value that a reliable irrigation scheme will bring to farming on the East Coast of New Zealand and the wider Canterbury community," says Pat Morrison.

"We look forward to the detailed and considered examination of the scheme's impacts and mitigation measures that the consent hearing process which starts in February will allow."

ENDS

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